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## **SUMMARY**

The commenters agree that in several instances BellSouth has utilized the proper definitions or methodologies in its Access Reform tariff filings under investigation here. For the remainder of the items, the commenters have failed to show that BellSouth's methodologies are in violation of any Commission rule, order or policy. As such, the Commission should conclude its investigation without requiring BellSouth to make any further changes.

For its definition of primary and non-primary lines, BellSouth has utilized a premise-based definition, and both AT&T and MCI agree that this is a reasonable approach. ITC's contention that PICC charges should not be assessed to inward only lines is flatly wrong and inconsistent with existing Commission rules.

AT&T and MCI have failed to show that a revenue requirement "violates" the Access Reform Order, as they contend. Rather such an approach is a reasonable one, consistent with past precedent. Most importantly, AT&T and MCI fail to show that the Commission should depart from its tentative conclusion regarding the use of a revenue requirement approach to quantifying the BFP. The Commission's rules specify a revenue requirement approach for BFP, and the alternative approach which these commenters suggest could only be obtained through a rulemaking proceeding in which all interested parties have notice and an opportunity to comment.

BellSouth's use of the July 1997 TIC for allocating COE maintenance and marketing is a reasonable approach, consistent with the TRP and past practice. AT&T has failed to show

otherwise and, indeed, its assertions regarding the over-assignment of expenses to the facility-based TIC are shown to be wrong.

The discussion by AT&T and MCI regarding ILECs' recalculation of tandem-switched transport rates shows that each has wholly ignored BellSouth's detailed explanation in its Direct Case. BellSouth showed that its recalculation did not result in an increase to the TIC and that no further reductions in the TIC are required. The commenters' contentions to the contrary must be rejected outright based upon their failure to contradict, let alone even discuss, BellSouth's detailed proof.

Both AT&T and MCI agree that BellSouth utilized a reasonable methodology for allocation USF amounts to the pertinent price cap baskets. To the extent these commenters believe that BellSouth should have utilized different "current rates" than BellSouth actually used, they fail to provide any explanation therefor. Moreover, a change to the use of TRP rates would be overly burdensome, would unnecessarily introduce complexities into the tariff filing process, and would not likely yield materially different results.

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554**

In the Matter of	)	
	)	
Tariffs Implementing	)	CC Docket No. 97-250
Access Charge Reform	)	

**REBUTTAL OF BELL SOUTH TELECOMMUNICATIONS, INC.**

BellSouth Telecommunications, Inc. ("BellSouth") hereby submits its Rebuttal to the Comments filed by AT&T Corp. ("AT&T"), ITC^DeltaCom, Inc. ("ITC"), and MCI Telecommunications Corporation ("MCI") in the above-captioned tariff investigation proceeding.

In this proceeding, the Commission is investigating various designated issues regarding the Access Reform Tariff filings of certain incumbent local exchange carriers ("ILECs").<sup>1</sup> BellSouth filed its Direct Case on February 27, 1998. The Comments were filed on March 16, 1998.

In this Rebuttal, BellSouth shows that, in many respects, such as BellSouth's definition of primary and non-primary lines and BellSouth's methodology for allocation of USF amounts, the commenters agree that BellSouth's Access Reform tariff filings are reasonable. In other respects, such as BellSouth's recalculation of tandem-switched transport rates, the commenters have

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<sup>1</sup> In the Matter of Tariffs Implementing Access Charge Reform, CC Docket No. 97-250, *Order Designating Issues for Investigation and Order on Reconsideration* (DA 98-151), released January 28, 1998 ("Designation Order").

totally ignored BellSouth's detailed explanation regarding the approach taken, the results obtained, and the reasonableness of each. With respect to those matters on which commenters disagree with the approach taken by BellSouth, BellSouth responds to the contentions made by commenters and shows each to be in error. The Commission must find that BellSouth's filings have incorporated reasonable definitions, methodologies and results and that no further changes need be made as a result of this investigation.

## **I. LINE DEFINITION AND LINE COUNT ISSUES**

### **A. Line Definition Issues**

Both AT&T and MCI discuss the ILECs' definitions of primary and non-primary lines. Neither provides any basis for a change to the definition utilized by BellSouth.

As BellSouth stated in its Direct Case, the Commission should eliminate the distinction between primary and non-primary lines.<sup>2</sup> Both AT&T and MCI agree.<sup>3</sup> Of course, this is a matter for the Commission's Defining Primary Lines rulemaking proceeding.<sup>4</sup> At issue in this investigation is whether ILECs have utilized reasonable definitions in the absence of a Commission-prescribed definition. BellSouth utilizes a service address, i.e., a premise-based, definition -- the only definition which BellSouth could implement in time for the January 1, 1998 effective date of the tariff filings under investigation here. Both AT&T and MCI agree that such

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<sup>2</sup> BellSouth Direct Case at 2-4. BellSouth, in fact, urges the Commission to eliminate the distinction between all lines, except ISDN, for PICC purposes. PICC charges in that event would be the same for all such lines and, for BellSouth, would be in the range of \$1.00 to \$1.25 per line per month.

<sup>3</sup> AT&T at 4; MCI at 2.

<sup>4</sup> In the Matter of Defining Primary Lines, CC Docket No. 97-181, *Notice of Proposed Rulemaking* 12 FCC Rcd 13647 (1997).

a definition is reasonable.<sup>5</sup> MCI states that BellSouth has used an account-based definition.<sup>6</sup> MCI is mistaken. Both BellSouth's tariff filing<sup>7</sup> and its Direct Case<sup>8</sup> are clear that a premise-based definition is employed. There is no credible argument against the reasonableness of a premise-based definition. Thus, for purposes of this tariff proceeding, the weight of the evidence requires the Commission to approve BellSouth's definition.

## **B. Line Count Issues**

ITC contends that ILECs should not apply Presubscribed Interexchange Carrier Charges ("PICCs") to inward-only local exchange lines because "due to the nature of the calling arrangement," a presubscribed interexchange carrier ("PIC") cannot be selected by the end user.<sup>9</sup> As AT&T and MCI both agree,<sup>10</sup> in taking this position ITC is ignoring the fact that the existing rules require PICC charges to be assessed to all end users who do not have a PIC and that no exemption is provided for inward-only lines.<sup>11</sup> Indeed, ITC's request is a belated request for reconsideration by the Commission of the rule adopted in the Access Reform Order.<sup>12</sup>

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<sup>5</sup> AT&T at 5; MCI at 4.

<sup>6</sup> MCI at 3.

<sup>7</sup> BellSouth Telecommunications, Inc., Tariff F.C.C. No. 1, Transmittal No. 434, filed November 26, 1997, Section 4.6(J), page 4-4.

<sup>8</sup> BellSouth Direct Case at 5-7.

<sup>9</sup> ITC at 1.

<sup>10</sup> AT&T at 7-9; MCI at 4-5.

<sup>11</sup> 47 C.F.R. Section 69.153(b).

<sup>12</sup> In the Matter of Access Charge Reform, Price Cap Performance Review for LECs, Transport Rate Structure and Pricing and EUCL Charges, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, *First Report and Order*, 12 FCC Rcd 15982 (1997) ("Access Reform Order").

ITC somehow believes that PICC charges on inward-only lines are not appropriate because such lines can only receive calls. It states that

assessing a PICC on inward only lines is a completely new allocation of the subsidy supporting residential dial tone lines to a customer who utilizes inward only lines. Traditionally, the calling party is the source of the charge for the call.<sup>13</sup>

ITC misunderstands the manner in which the Commission's access charge scheme operates.

While it may be the case that interexchange toll charges for calls made to inward-only lines are assessed by the involved interexchange carrier only to the calling party, access charges have always applied for the use of the inward-only line to terminate the call. These charges are the subscriber line charge assessed to the end user<sup>14</sup> and the terminating carrier common line charges assessed to the interexchange carrier.<sup>15</sup> The local exchange line is capable of being used for interstate calls, albeit in the terminating direction, and the assessment of interstate access charges, including PICC charges, is appropriate under the Commission's rules.

ITC contends that the application of PICC charges to inward-only lines "complicates the auditing and tracking of this charge" and indicates that it has not received information from BellSouth showing the number and type of PICCs to be charged.<sup>16</sup> BellSouth has supplied ITC with detailed line information as a part of ITC's March 11, 1998 PICC bill which includes PICC charges for January and February 1998. As BellSouth has explained in a related proceeding,<sup>17</sup>

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<sup>13</sup> ITC at p. 2.

<sup>14</sup> 47 C.F.R. Section 69.152.

<sup>15</sup> 47 C.F.R. Section 69.154.

<sup>16</sup> ITC at 2.

<sup>17</sup> In the Matter of Tariffs Implementing Access Charge Reform, CC Docket No. 97-250, MCI Emergency Petition for Prescription, CCB/CPD 98-12, BellSouth Opposition to MCI Emergency Petition for Prescription, filed March 18, 1998, at 19-25.



BellSouth provides to each presubscribed carrier as a part of its monthly PICC bill detailed line information showing the number and dollar amount of PICC charges assessed by BellSouth to that carrier by category of PICC charge by carrier identification code (“CIC”). This information includes a listing of all telephone numbers (or circuit numbers, in the case of ISDN) associated with each category of PICC charges, unless the carrier has affirmatively chosen not to receive this level of detail. ITC was provided with all of this information with its March PICC bill. As BellSouth also explained, this information was only first supplied to presubscribed carriers in March 1998 due to the timing of the industry’s resolution of standards and records for providing the information and time needed for implementing the systems and processes to comply.<sup>18</sup>

## **II. METHODOLOGY FOR CALCULATING EXOGENOUS COSTS CHANGES**

AT&T and MCI both support the Commission’s tentative conclusion that line and trunk port costs should be identified based upon a “revenue” analysis rather than a “revenue requirement” analysis.<sup>19</sup> AT&T erroneously asserts that the Access Reform Order requires the use of a revenue approach and that to use any other approach would “violate” the order.<sup>20</sup>

As BellSouth indicated in its Direct Case, in using a revenue requirement approach, BellSouth relied upon an analysis of the Access Reform Order as well as past precedent. Historically, exogenous cost changes have been made based upon revenue requirement, at the authorized rate of return of 11.25%, unless the Commission required otherwise.<sup>21</sup> In the Access

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<sup>18</sup> Id. BellSouth hereby incorporates by reference that Opposition to MCI Emergency Petition for Prescription for further details.

<sup>19</sup> AT&T at 16-19; MCI at 7-9.

<sup>20</sup> AT&T at 16.

<sup>21</sup> BellSouth Direct Case, Appendix B, Exhibit 1.

Reform Order, the only instances in which the Commission mandated a specific approach were 1) the determination of the tandem costs to be removed from the TIC; and 2) the recalculation of the amount to be removed from the TIC for tandem-switched revenues. In the first case, the amount of the change was determined based upon the same proportional relationship as the original Local Transport Restructure (“LTR”) tandem revenue requirement had to the original TIC. In the second, the amount of the change was determined based upon the revenues obtained from a recalculation of rates. BellSouth also used a revenue-type approach for STP ports, given that rates and rate elements existed in that case. In all other instances, a revenue requirement approach was appropriate given the Access Reform Order’s discussion of identification of “costs” as well as past precedent.

AT&T mentions the tariff changes which have been made in the past for LTR and Line Information Database, as if somehow to bolster its opinion that the Access Reform Order required a revenue approach. Neither of these changes were exogenous changes nor were they related to Access Reform, and, as such, they provide no support for AT&T’s opinion. AT&T also refers to the equal access exogenous changes made recently by BellSouth and other LECs. While it is true that this change was made based upon a revenue analysis, the specific approach used was explicitly mandated by the Commission for this specific change. Contrary to what AT&T may believe, this single instance did not establish a Commission rule and in no way provides support for the Commission to penalize ILECs, such as BellSouth, which have relied upon the Access Reform Order and past precedent in quantifying their exogenous cost changes.

Even if the Commission determines that other exogenous cost changes should be quantified based upon revenues, the Commission should affirm its tentative conclusion that the

Base Factor Portion (“BFP”) of common line revenues should continue to be determined based upon revenue requirement, at the authorized 11.25% rate of return. BellSouth agrees with the Commission, as it explained in its Direct Case.<sup>22</sup>

AT&T and MCI both have a different view. The result which these commenters desire, however, could not be obtained without a change in the Commission’s rules. The Commission’s rules presently require the BFP to be determined based upon the Part 69 revenue requirement. This revenue requirement results from the operation of the Commission’s Part 32 and Part 36 rules which identify investment, with a return component at 11.25%, and expenses associated with common lines<sup>23</sup> as well as from the operation of the Commission’s Part 69 cost allocation rules.<sup>24</sup> The per line BFP is determined by dividing this revenue requirement by the number of lines, and the end user common line charges are assessed to recover this amount, subject to the caps specified by the Commission’s rules.<sup>25</sup> Where such caps prevent recovery of the entire BFP amount, the remainder is recovered through PICC charges and usage-based carrier common line charges. Thus, AT&T’s assertion that the recovery of line port cost amounts in carrier common line charges somehow “violates” the Access Reform Order<sup>26</sup> is wholly disingenuous. Moreover, the new “ratemaking methodology” and “guidelines” which AT&T and MCI, respectively, advocate would, in essence, result in the creation of a new line port rate element which is not provided for in the Commission’s rules. In any event, the new methodology and guidelines

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<sup>22</sup> BellSouth Direct Case at 20-21.

<sup>23</sup> 47 C.F.R. Parts 32 and 36.

<sup>24</sup> 47 C.F.R. Subparts D and E, Sections 69.301 et seq. and Sections 69.401 et seq.

<sup>25</sup> 47 C.F.R. Sections 69.501, 69.502, and 69.152.

<sup>26</sup> AT&T at 19.

could only be established in an appropriate rulemaking proceeding in which all interested parties have notice and an opportunity to be heard.

AT&T also criticizes the revenue requirement approach for BFP on the basis that it would be “difficult to implement and impossible to verify.”<sup>27</sup> It notes that there would be a mismatch between time periods involved, noting that the BFP amount for line ports was determined based upon base year data.<sup>28</sup> MCI echoes this belief.<sup>29</sup> The commenters are wrong. The Part 69 rule changes adopted by the Commission in its Access Reform Order will be no more or less difficult to implement or verify than any of the Commission’s Part 69 rules previously in existence. In fact, these rule changes have been implemented by BellSouth effective January 1, 1998 as required and are now an integral part of the Part 69 reporting process. The results of the new rules will be reported in 1998 ARMIS results and will be available to the Commission and others.

Moreover, there is no need to fear the described mismatch. AT&T and MCI forget that not only were the revenue requirements used to determine line port costs based upon the base year, but also the line demand was a base year demand figure. Thus, any difference due to use of historical data in lieu of projected data should be *de minimus*. Moreover, on a going forward basis, the line port costs will be projected as well as all other BFP costs. That projections are

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<sup>27</sup> AT&T at 20.

<sup>28</sup> AT&T at 20.

<sup>29</sup> MCI at 10.

involved is inherent in the BFP process and provides no support for the result which the commenters seek.<sup>30</sup>

In summary, the result of the Commission's BFP and end user common line ("EUCL") cap rule changes is that even if the Commission determines that revenues (or revenue requirement at the achieved rate of return) should be used to calculate the exogenous impact of line port costs, this can only be applied to adjust the traffic sensitive and common line PCIs and should not impact BellSouth's BFP cost per line and the resulting multi-line business EUCL cap. To do otherwise would be in clear violation of the Commission's established rules. Furthermore, the impact of the higher exogenous amount based on revenue cannot be flowed through to the BFP without creating a mismatch between the resulting rate and actual BFP costs based on the application of the Part 69 rules as they currently exist.

### **III. COE MAINTENANCE AND MARKETING COST ADJUSTMENTS**

In BellSouth's Direct Case, BellSouth explained the manner in which it allocated COE maintenance and marketing exogenous cost changes to the various baskets and service categories.<sup>31</sup> AT&T is the only commenter to discuss this aspect of BellSouth's Direct Case. AT&T agrees that BellSouth used a reasonable methodology to allocate the exogenous cost changes to the various baskets and service categories,<sup>32</sup> but takes issue with the fact that BellSouth allocated these exogenous cost changes to the July 1, 1997 TIC.

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<sup>30</sup> MCI's criticism of ILEC's "proprietary cost models," at 11, is out of place. The Commission is not investigating these models in this proceeding.

<sup>31</sup> BellSouth Direct Case at 21-25.

<sup>32</sup> AT&T at 23, n. 40.

AT&T contends that the June 30, 1997 TIC should have been used to determine the exogenous adjustments to the TIC.<sup>33</sup> AT&T states that this is necessary “in order to avoid over-assigning COE and marketing expense exogenous cost adjustments to the facility-based portion of their TICs and under-assigning COE and marketing expense exogenous adjustments to their residual TICs.”<sup>34</sup> BellSouth’s use of the July 1, 1997 TIC, however, was appropriate. In identifying the exogenous cost changes to be made for the various facilities-based portions of the TIC, BellSouth included COE maintenance and marketing expenses associated with such facilities. Therefore, these expenses, as attributable to the facilities portion of the TIC, were properly identified. The amount of the expenses was not determined based upon the amount of either the June 30, 1997 TIC or the July 1, 1997 TIC, and thus no “over-assignment” occurred based upon the use of the July 1, 1997 TIC, as AT&T erroneously believes. The remainder of the TIC-portion of the COE and marketing expenses was identifiable based upon the total amount of the then existing TIC revenues (the total July 1, 1997 TIC revenues which included both the facilities portion and the non-facilities portion of the TIC) as compared to the total trunking basket revenues. If anything, this would over-allocate, not under-allocate, amounts to the residual TIC. Indeed, AT&T’s Exhibit COE, which shows that BellSouth allocated \$7,879,713, or 16%,<sup>35</sup> to the residual TIC, is incorrect. BellSouth’s allocation was, instead, \$12,885,161.<sup>36</sup>

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<sup>33</sup> AT&T at 22-23.

<sup>34</sup> AT&T at 23.

<sup>35</sup> AT&T, Exhibit COE.

<sup>36</sup> BellSouth Telecommunications, Inc., Tariff F.C.C. No. 1, Transmittal No. 434, Appendix B, Exhibit 4, TIC-WP, line 8 plus line 9. This amount is being modified to \$12,743,230 with

Moreover, AT&T ignores the fact that the Commission's approved Tariff Review Plan ("TRP") used the July 1, 1997 TIC. This was consistent with past practice, and the Commission did not indicate that any other timeframe for the TIC should be utilized. The Commission cannot penalize LECs for having followed the TRP and this precedent.

Finally, BellSouth's residual TIC is now \$5,022,303, based upon BellSouth's recent correction filing.<sup>37</sup> This residual TIC will be eliminated with BellSouth's 1998 Annual Access tariff filing. The X-factor reductions to be made at that time will eliminate the residual TIC. Given this fact, BellSouth submits that it makes little difference whether the June 30, 1997 or the July 1, 1997 TIC was used.

#### **IV. ADJUSTMENTS TO TIC FOR RECALCULATION OF TANDEM-SWITCHED TRANSPORT RATES**

Both AT&T and MCI challenge the ILECs' recalculation of tandem-switched transport rates and related adjustments to the TIC.<sup>38</sup> Neither demonstrates that BellSouth should be required to make any changes. Indeed, whereas BellSouth provided a detailed explanation in its Direct Case of the exogenous cost changes it made as a result of its recalculation,<sup>39</sup> both AT&T and MCI have apparently chosen to ignore it entirely.

First, both AT&T and MCI state that the recalculations have resulted in an increase to the TIC.<sup>40</sup> This is simply not true for BellSouth. As BellSouth explained in its Direct Case,

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BellSouth's recent correction filing, Transmittal No. 449, filed March 19, 1998, scheduled to be effective on April 3, 1998, Attachment, page 3 of 3, line 8 plus line 9.

<sup>37</sup> Id. Attachment, page 3 or 3, line 15.

<sup>38</sup> AT&T at 24-26; MCI at 13-16.

<sup>39</sup> BellSouth Direct Case at 24-31.

<sup>40</sup> AT&T at 24 and Exhibit 9000 MOU; MCI at 13.

although one step of BellSouth's methodology was an increase to the TIC, the net result was a decrease to the TIC.<sup>41</sup> This is because BellSouth removed the multiplexer which was recovered in tandem-switched transport rates and placed it back into the TIC when the new rates, based upon 7290 minutes of use, were calculated. However, BellSouth removed this multiplexer from the TIC, along with a second multiplexer, in order to create the new common multiplexer rate element. As BellSouth showed, if BellSouth had maintained the first multiplexer in tandem-switched transport rates and removed the second multiplexer from the TIC to create the new common multiplexer rate element, the impact to the TIC would have been the same -- a net decrease.<sup>42</sup>

AT&T and MCI also both contend that ILECs should have recalculated their rates using LTR data, changing only the per-circuit minutes of use. AT&T, in fact, itemizes the TIC adjustments which it believes that several ILECs, including BellSouth, should be required to make in order to true up for allegedly improper methodologies.<sup>43</sup> As BellSouth discussed in its Direct Case, the belief that ILECs were required to recalculate tandem-switched transport rates based only upon a change in minutes of use could only be founded upon a tortured construction of the Commission's rules.<sup>44</sup> In any event, as BellSouth also showed, even if BellSouth had performed the recalculation changing only the minutes of use, no changes would be required.<sup>45</sup>

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<sup>41</sup> BellSouth Direct Case at 26-28.

<sup>42</sup> Id. and Appendix D exhibits.

<sup>43</sup> AT&T Exhibit 9000 MOU. On this exhibit, AT&T indicates that BellSouth's Direct Case erroneously used data from its LTR Transmittal No. 141, whereas BellSouth should have used data from its LTR Transmittal No. 165. AT&T is wrong. BellSouth used data from its final LTR transmittal, Transmittal No. 178, filed December 23, 1993, effective January 1, 1994.

<sup>44</sup> BellSouth Direct Case at 29,

<sup>45</sup> Id. at 30-31 and related exhibits.



AT&T's Exhibit 9000 MOU, which purports to demonstrate that BellSouth, instead of increasing the TIC (which, as BellSouth discusses above it did not), should have reduced the TIC by \$6,125,208, is wrong. Presumably, AT&T obtained this latter figure from BellSouth's own exhibit in which BellSouth recalculated its tandem-switched transport rates changing only the minutes of use from 9000 to BellSouth's actual minutes of use of 7290.<sup>46</sup> However, as BellSouth explained in great detail in its Direct Case, any requirement that a downward exogenous cost change be made to BellSouth's TIC in this amount would be too great by approximately the same amount.<sup>47</sup> This is because BellSouth removed costs associated with two multiplexers from the TIC in order to create the new common multiplexer rate element, whereas use of the LTR methodology, at 7290 minute of use, leaves the costs of one multiplexer in the TIC. The costs associated with that one multiplexer are approximately \$6,013,124, which cancels out the change which AT&T erroneously believes should be made. As such, AT&T's contentions, insofar as they involve BellSouth, must be dismissed outright.

## **V. RECOVERY OF UNIVERSAL SERVICE SUPPORT OBLIGATIONS**

As BellSouth explained in its Direct Case, it distributed its universal service support obligation to the common line, trunking and interexchange baskets, and within the trunking basket to the various service categories and sub-categories, based upon the respective percentage of end user revenues obtained from internal company records.<sup>48</sup> Both AT&T and MCI agree that BellSouth has used the appropriate methodology.<sup>49</sup>

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<sup>46</sup> BellSouth Direct Case, Appendix D, Exhibit 3, line 11.

<sup>47</sup> Id. at 30-31 and related exhibits in Appendix D.

<sup>48</sup> BellSouth Direct Case at 31-33.

<sup>49</sup> AT&T at 30-31; MCI at 17.

Both AT&T and MCI, however, state that USF amounts should be allocated to the various baskets based upon “current rates.”<sup>50</sup> Neither explains what it means by “current rates,” whether it believes that BellSouth did or did not use “current rates,” or why “current rates,” if something different from the rates used by BellSouth, should be required. If AT&T and MCI mean that ILECs should use rates currently in effect at the time the end user demand existed, BellSouth agrees. Indeed, BellSouth’s revenues were obtained from billing records, based upon the revenue billed to each end user within the pertinent price cap baskets. This equates to actual end user demand for each month during the base year times the rates then currently in effect.

If AT&T and MCI mean that ILECs should use base year demand times the rates in effect at the time of the filing, i.e., based upon rates in the TRP at the time of the filing, the Commission should reject any such approach. BellSouth would have no practicable means to implement this. The TRP does not provide any indication of end user, as opposed to non-end user, demand or revenues. In order to identify the amount of end user demand within total TRP revenues, BellSouth would need to implement systems changes to somehow enable it to match base year end user demand quantities for each and every one of the thousands of specific rate elements which could potentially be involved. As BellSouth explained above, its methodology did not track end user revenues by specific rate element, but by total revenues billed to each end user for services as a whole within each relevant basket. These revenues adequately identified the proportional end user revenues between the price cap baskets involved. The detailed and extremely burdensome approach which AT&T and MCI may be advocating would likely not yield materially different results. Given the lack of any apparent need for such an approach and

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<sup>50</sup> AT&T at 31-32; MCI at 17.


the additional complexities it would introduce into the tariff filing process, the Commission must reject such an approach.

## **VI. CONCLUSION**

For all of the foregoing reasons, the Commission must find that BellSouth's tariff filings under investigation are reasonable and appropriate, and that no changes need be made. For several of the items under investigation, commenters agree that BellSouth has used the proper approach. For the remainder, commenters have failed to show that BellSouth has in any way violated Commission's rules, orders or policies.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

By:   
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Date: March 23, 1998

**CERTIFICATE OF SERVICE**

I do hereby certify that I have this 23rd day of March 1998 served all parties to this action with a copy of the foregoing REBUTTAL OF BELLSOUTH TELECOMMUNICATIONS, INC. by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed below.

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